



# Finance Act 2020

## 2020 CHAPTER 14

### PART 4

#### MISCELLANEOUS AND FINAL

##### *Coronavirus*

#### **106 Taxation of coronavirus support payments**

- (1) Schedule 16 makes provision about the taxation of coronavirus support payments.
- (2) In this section, and in that Schedule, “coronavirus support payment” means a payment made (whether before or after the passing of this Act) under any of the following schemes—
  - (a) the coronavirus job retention scheme;
  - (b) the self-employment income support scheme;
  - (c) any other scheme that is the subject of a direction given under section 76 of the Coronavirus Act 2020 (functions of Her Majesty's Revenue and Customs in relation to coronavirus or coronavirus disease);
  - (d) the coronavirus statutory sick pay rebate scheme;
  - (e) a coronavirus business support grant scheme;
  - (f) any scheme specified or described in regulations made under this section by the Treasury.
- (3) The Treasury may by regulations make provision about [<sup>F1</sup>(including provision modifying)] the application of Schedule 16 to a scheme falling within subsection [<sup>F2</sup>(2)(b)] to (f) (including provision modifying paragraph 8 of that Schedule so that it applies to payments made under a coronavirus business support grant scheme).
- (4) Regulations under this section may make provision about coronavirus support payments made before (as well as after) the making of the regulations.
- (5) In this section, and in that Schedule—

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“coronavirus” and “coronavirus disease” have the meaning they have in the Coronavirus Act 2020 (see section 1 of that Act);

“coronavirus business support grant scheme” means any scheme (whether announced or operating before or after the passing of this Act), other than a scheme within subsection (2)(a) to (d), under which a public authority makes grants to businesses with the object of providing support to those businesses in connection with any effect or anticipated effect (direct or indirect) of coronavirus or coronavirus disease;

“the coronavirus job retention scheme” means the scheme (as it has effect from time to time) that is the subject of the direction given by the Treasury on 15 April 2020 under section 76 of the Coronavirus Act 2020;

“the coronavirus statutory sick pay rebate scheme” means the scheme (as it has effect from time to time) given effect to by the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020 (S.I. 2020/512);

“employment-related scheme” means the coronavirus job retention scheme or the coronavirus statutory sick pay rebate scheme;

“the self-employment income support scheme” means the scheme (as it has effect from time to time) that is the subject of the direction given by the Treasury on 30 April 2020 under section 76 of the Coronavirus Act 2020.

- (6) Examples of coronavirus business support grant schemes as at 24 June 2020 include—
- (a) the small business grant fund that is the subject of the guidance about that scheme and the retail, hospitality and leisure grant fund published by the Department for Business, Energy & Industrial Strategy on 1 April 2020;
  - (b) the retail, hospitality and leisure grant fund that is the subject of that guidance;
  - (c) the local authority discretionary grants fund that is the subject of the guidance about that scheme published by the Department for Business, Energy & Industrial Strategy on 13 May 2020;
  - (d) the schemes corresponding to the small business grant fund, retail and hospitality grant fund and local authority discretionary grants fund in Scotland, Wales and Northern Ireland.

#### Textual Amendments

- F1** Words in s. 106(3) inserted (with effect in accordance with s. 32(4) of the amending Act) by [Finance Act 2021 \(c. 26\), s. 32\(1\)\(a\)](#)
- F2** Word in s. 106(3) substituted (with effect in accordance with s. 32(4) of the amending Act) by [Finance Act 2021 \(c. 26\), s. 32\(1\)\(b\)](#)

### [<sup>F3</sup>107 Enterprise management incentives

- (1) Schedule 5 to ITEPA 2003 (enterprise management incentives) is modified in accordance with subsections (2) and (3).
- (2) Paragraph 26 (requirement as to commitment of working time) has effect as if, in subparagraph (3)—
  - (a) the “or” at the end of paragraph (c) were omitted, and
  - (b) at the end of paragraph (d), there were inserted

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- (e) not being required to work for reasons connected with coronavirus disease (within the meaning given by section 1(1) of the Coronavirus Act 2020).”
- (3) Paragraph 27 (meaning of “working time”) has effect as if, in sub-paragraph (1)(b), for “(d)” there were substituted “ (e) ”.
- (4) Section 535 of ITEPA 2003 (disqualifying events relating to employee in relation to enterprise management incentives) has effect as if, in the closing words of subsection (3), for “(d)” there were substituted “ (e) ”.
- (5) The modifications made by this section have effect in relation to the period—
  - (a) beginning with 19 March 2020, and
  - (b) ending with 5 April 2022.]

**Textual Amendments**

**F3** S. 107 substituted (10.6.2021) by [Finance Act 2021 \(c. 26\), s. 24](#)

**108 Protected pension age of members re-employed as a result of coronavirus**

- (1) In FA 2004, in Schedule 36 (pension schemes etc), paragraph 22 (rights to take benefit before normal minimum pension age) is amended as follows.
- (2) In sub-paragraph (7F), at the end of paragraph (b) insert “, and
  - (c) that the member is or was employed as mentioned in sub-paragraph (7B)(a) where—
    - (i) the employment began at any time during the coronavirus period, and
    - (ii) the only or main reason that the member was taken into employment was to help the employer to respond to the public health, social, economic or other effects of coronavirus.”
- (3) After sub-paragraph (7J) insert—
  - “(7K) In sub-paragraph (7F)(c)—
    - “coronavirus” has the same meaning as in the Coronavirus Act 2020 (see section 1(1) of that Act);
    - “the coronavirus period” means the period beginning with 1 March 2020 and ending with 1 November 2020.
  - (7L) The Treasury may by regulations amend the definition of “the coronavirus period” in sub-paragraph (7K) so as to replace the later of the dates specified in it with another date falling before 6 April 2021.
  - (7M) The power in sub-paragraph (7L) may be exercised on more than one occasion.”
- (4) The amendments made by this section are treated as having come into force on 1 March 2020.

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## 109 Modifications of the statutory residence test in connection with coronavirus

- (1) This section applies for the purposes of determining—
- (a) whether an individual was or was not resident in the United Kingdom for the tax year 2019-20 for the purposes of relevant tax, and
  - (b) if an individual was not so resident in the United Kingdom for the tax year 2019-20 (including as a result of this section), whether the individual was or was not resident in the United Kingdom for the tax year 2020-21 for the purposes of relevant tax.

“Relevant tax” has the meaning given by paragraph 1(4) of Schedule 45 to FA 2013 (statutory residence test).

- (2) That Schedule is modified in accordance with subsections (3) to (13).
- (3) Paragraph 8 (second automatic UK test: days at overseas homes) has effect as if after sub-paragraph (5) there were inserted—

“(5A) For the purposes of sub-paragraphs (1)(b) and (4), a day does not count as a day when P is present at a home of P's in the UK if it is a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of it).”

- (4) Paragraph 22 (key concepts: days spent) has effect as if—
- (a) in sub-paragraph (2), for “two cases” there were substituted “ three cases ”;
  - (b) after sub-paragraph (6) there were inserted—

“(7) The third case is where—

- (a) that day falls within the period beginning with 1 March 2020 and ending with 1 June 2020,
- (b) on that day P is present in the UK for an applicable reason related to coronavirus disease, and
- (c) in the tax year in question, P is resident in a territory outside the UK (“the overseas territory”).

(8) The following are applicable reasons related to coronavirus disease—

- (a) that P is present in the UK as a medical or healthcare professional for purposes connected with the detection, treatment or prevention of coronavirus disease;
- (b) that P is present in the UK for purposes connected with the development or production of medicinal products (including vaccines), devices, equipment or facilities related to the detection, treatment or prevention of coronavirus disease.

(9) For the purposes of sub-paragraph (7)(c), P is resident in an overseas territory in the tax year in question if P is considered for tax purposes to be a resident of that territory in accordance with the laws of that territory.

- (10) The Treasury may by regulations made by statutory instrument—
- (a) amend sub-paragraph (7)(a) so as to replace the later of the dates specified in it with another date falling before 6 April 2021;

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- (b) amend this paragraph so as to add one or more applicable reasons related to coronavirus disease.
  - (11) The powers under sub-paragraph (10) may be exercised on more than one occasion.
  - (12) A statutory instrument containing regulations under sub-paragraph (10) is subject to annulment in pursuance of a resolution of the House of Commons.”
- (5) Paragraph 23 (key concepts: days spent and the deeming rule) has effect as if after sub-paragraph (5) there were inserted—
- “(5A) For the purposes of sub-paragraphs (3)(b) and (4), a day does not count as a qualifying day if it is a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of it).”
- (6) Paragraph 28(2) (rules for calculating the reference period) has effect as if—
- (a) in paragraph (b) the “and” at the end were omitted;
  - (b) after paragraph (b) there were inserted—
    - “(ba) absences from work at times during the period specified in an emergency volunteering certificate issued to P under Schedule 7 to the Coronavirus Act 2020 (emergency volunteering leave), and”;
  - (c) in paragraph (c), for “or (b)” there were substituted “, (b) or (ba) ”.
- (7) Paragraph 29 (significant breaks from UK or overseas work) has effect as if in sub-paragraphs (1)(b) and (2)(b), for “or parenting leave” there were substituted “, parenting leave or emergency volunteering leave under Schedule 7 to the Coronavirus Act 2020 ”.
- (8) Paragraph 32 (family tie) has effect as if after sub-paragraph (4) there were inserted—
- “(4A) But a day does not count as a day on which P sees the child if the day on which P sees the child would be a day falling within the third case in paragraph 22(7) (if P were present in the UK at the end of it).”
- (9) Paragraph 34 (accommodation tie) has effect as if after sub-paragraph (1) there were inserted—
- “(1A) For the purposes of sub-paragraph (1)—
- (a) if the place is available to P on a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of that day), that day is to be disregarded for the purposes of sub-paragraph (b), and
  - (b) a night spent by P at the place immediately before or after a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of that day) is to be disregarded for the purposes of sub-paragraph (c).”
- (10) Paragraph 35 (work tie) has effect as if after sub-paragraph (2) there were inserted—
- “(3) But a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of it) does not count as a day on which P works in the UK.”

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- (11) Paragraph 37 (90-day tie) has effect as if—
- (a) the existing text were sub-paragraph (1);
  - (b) after that sub-paragraph, there were inserted—
    - “(2) For the purposes of sub-paragraph (1), a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of it) does not count as a day P has spent in the UK in the year in question.”
- (12) Paragraph 38 (country tie) has effect as if after sub-paragraph (3) there were inserted—
- “(4) For the purposes of sub-paragraph (3), P is to be treated as not being present in the UK at the end of a day that would fall within the third case in paragraph 22(7) (if P were present in the UK at the end of that day).”
- (13) Paragraph 145 (interpretation) has effect as if at the appropriate place there were inserted—
- ““coronavirus disease” has the same meaning as in the Coronavirus Act 2020 (see section 1(1) of that Act);”.

## **110 Future Fund: EIS and SEIS relief**

- (1) This section applies if an individual to whom shares in a company have been issued—
- (a) enters into a convertible loan agreement with the company under the Future Fund on or after 20 May 2020, and
  - (b) subsequently receives value from the company under the terms of the agreement.
- (2) If, as a result of the receipt of value, any EIS relief attributable to shares issued before the relevant time would (apart from this subsection) be withdrawn or reduced under section 213 of ITA 2007, the value received is to be ignored for the purposes of that section.
- (3) If, as a result of the receipt of value, any SEIS relief attributable to shares issued before the relevant time would (apart from this subsection) be withdrawn or reduced under section 257FE of ITA 2007, the value received is to be ignored for the purposes of that section.
- (4) If, as a result of the receipt of value, shares issued before the relevant time would (apart from this subsection) cease to be eligible shares by reason of paragraph 13(1) (b) of Schedule 5B to TCGA 1992, the value received is to be ignored for the purposes of that paragraph.
- (5) In this section—
- “the Future Fund” means the scheme of that name operated from 20 May 2020 by the British Business Bank plc on behalf of the Secretary of State;
  - “the relevant time” means the time when the individual enters into the convertible loan agreement.

**Changes to legislation:**

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